

Pauls Malt Limited

Directors' report and
financial statements

Year ended 26 September 2008

Registered number: 88929

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Pauls Malt Limited

Directors' report and financial statements

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Pauls Malt Limited

Directors' and other information

Directors

P.F. Coveney
A.M. Hynes
P. Murphy (resigned 30 January 2009)
D.R. Wilkes
D. J. Dilger (resigned 31 March 2008)
P. Frampton (resigned 31 December 2008)
A.C. Dyter (appointed 8 December 2008)
P. Nallen (appointed 29 January 2009)
J. Johnson (appointed 3 April 2009)

Secretary

P. Frampton (resigned 31 December 2008)
A.C. Dyter (appointed 31 December 2008, resigned 3 April 2009)
J. Johnson (appointed 3 April 2009)

Registered office

24/25 Eastern Way
Bury St Edmunds
Suffolk
IP32 7AD

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Bankers

NatWest Bank PLC
15 Bishopsgate
London EC2P 2AP

Solicitors

Slaughter and May LLP
35 Basinghall Street
London EC2V 5DB

Eversheds LLP
Bridgewater Place
Water Lane
Leeds LS11 5DR

Pauls Malt Limited

Directors' report

The directors present their report and the audited financial statements of Pauls Malt Limited ("the company") for the financial year ended 26 September 2008.

Principal activities and business review

The principal activities of the company are the manufacture and sale of malt to the UK and overseas markets and the provision of barley sourcing and storage services.

Review of business and future developments

The closer match of supply and demand has driven malt margins in the period above that seen in previous years, although energy prices were at a much higher level than in the previous year, and this has impacted on production costs. In Scotland we experienced particularly strong demand due to a buoyant market for Scottish whisky. During the year we commissioned the expansion of an additional 20,000 tonnes capacity at our Buckie plant to meet the excess demand over current available capacity in Scotland. Although core UK brewing volumes were under some pressure in the year, this was offset by additional volumes to distilling and export customers. It is likely that UK beer production will remain under pressure in 2009. A weaker sterling currency will however provide an opportunity for compensating exports into a global market where malt demand continues to increase.

The company further reviewed the pension scheme deficit and put in place a revised company contribution level based on increased contributions effective from 1 April 2007. This meant that additional payments were made in the year totalling £625,000 over and above the expected level.

Results

The results for the year are set out on page 13. The directors do not recommend payment of a dividend (2007: £Nil).

Principal risks and uncertainties

Risks and mitigating controls are managed and reviewed by the senior management team on a regular basis. Also, being part of a larger group (Greencore Group plc or "Group"), these are also subject to review by the Group's health and safety, technical compliance and operational/financial audit programmes.

The company faces a number of risks and uncertainties that can be summarised into four categories, as follows:

Commercial

- The loss of a manufacturing site through fire, natural catastrophe, act of vandalism or critical plant failure could potentially have a material impact.

These risks are mitigated through robust security and comprehensive disaster recovery plans. In addition external insurance and risk management experts review all sites and discuss findings with senior management.

Pauls Malt Limited

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

- A shortage of raw material supply could result in increased costs and loss of production.

The commercial team monitors exposures weekly and the senior management team reviews exposures on a monthly basis.

- The loss of a key customer could have an adverse effect on profitability.

Customer contracts are managed at a senior level and reviewed by the senior management team on a regular basis.

- Fluctuating energy prices can have a significant impact on profitability.

There is a strong commercial focus on purchasing energy and diversifying risk.

Operational

- As part of the food and drink industry the company is subject to market related risks associated with food products.

The company has a strong technical function dealing with product quality and traceability. There are systems in place for hygiene, health and safety and environmental controls. The systems are reviewed regularly by the senior management team who also review customer audits.

Financial

- Through the group's treasury function, the company uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and purchases in foreign currencies.

The company policy is for all sales and purchase contracts to be hedged at the time the contract is made and therefore to avoid the risks of speculation.

- The company's defined benefit pension fund is exposed to the risk of changes in interest rates and the market values of investments as well as inflation and the increasing longevity of scheme members.

The risk is mitigated by paying appropriate contributions into the fund and through a balanced investment strategy to avoid a material worsening of the current deficit. The defined benefit scheme is closed to new members.

Systems

- A significant IT failure could adversely impact on the business.

Robust IT disaster recovery plans and system backup processes are in place.

Pauls Malt Limited

Directors' report *(continued)*

Key performance indicators (KPI's)

The company considers as part of its management accounting process the following measures to be indicators of the underlying performance of the business:

- Operational efficiency is key to the business succeeding and two measures of this are tonnes of malt produced per employee and capacity utilisation. Malt produced per employee was 2,712 tonnes in 2008 (2007: 2,992) and capacity utilisation was 97% in 2008 (2007: 99%).
- Proportion of sales to the domestic market is a key measurement as it is part of the company's strategy to focus on the domestic market and have less exposure to the more volatile export markets. The proportion of sales to the UK domestic market in 2008 was 79% (2007: 74%).
- Free cash flow is an important indicator of the company's performance in maximising cash generation. The net cash flow from operations in 2008 was £16.309m (2007: £8.008m).
- Return on investment is measured using the company's operating profit, excluding property sales, against the average total of shareholders' funds invested in the business. The return in 2008 was 91% (2007: 50%).

Financial risk management

The company is exposed to a variety of financial risks including interest rate, foreign currency, liquidity and credit risk. These financial risks are managed under policies approved by the ultimate holding company. The company uses forward currency contracts to manage the financial risk associated with selling and buying in currencies other than sterling. The company does not use derivative financial instruments for trading or speculative purposes.

Interest rate risk

Funding is provided by the ultimate holding company, which has policies in place to optimise the interest cost and reduce volatility in reported earnings. This is managed by reviewing the debt profile regularly and by selectively using interest rate swaps to limit the level of floating interest rate exposure.

Foreign currency risk

The company trades internationally and uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and payments in foreign currencies.

Liquidity risk

Funding is provided by the ultimate holding company, which has a policy to ensure that there is always sufficient long term and committed bank facilities in place to meet foreseeable peak borrowing requirements. There is also a prudent approach to liquidity risk management by spreading the maturities of debt from short-term to long-term.

Pauls Malt Limited

Directors' report *(continued)*

Financial risk management *(continued)*

Credit risk

The company derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact on the company's results. The company manages the risk by regularly reviewing the credit history and rating of all significant customers.

Directors, secretary and their interests

The directors and secretary who held office during the financial year ended 26 September 2008 and up to the date of the approval of the financial statements are listed on page 1.

The interests of P.F. Coveney and A.M. Hynes, who are also directors of Greencore Group Plc, are shown in the annual report of that company.

Options in the shares of Greencore Group Plc:

	At 26 September 2008	At 28 September 2007
P. Murphy	40,000	40,000
D.R. Wilkes	50,000	203,189
P. Frampton (Director and company secretary)	25,000	25,000

During the year none of the directors above, or their immediate family, had a right granted to or exercised a right to subscribe for shares in the company or another group company.

Political and charitable donations

The company made charitable donations in the year of £455 (2007: £1,145). The company made no political donations in the year (2007: £Nil).

Creditors' payment policy

The company's current policy concerning the payment of its creditors is to:

- (i) settle the terms of payments with suppliers when agreeing the terms of each transaction;
- (ii) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (iii) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments for revenue and capital items without exception.

Pauls Malt Limited

Directors' report *(continued)*

Employees

During the period, the company gave full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available.

Company policy provides that existing employees who become disabled shall continue employment with the company if at all possible, subject to any appropriate retraining.

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities.

Matters of interest and concern are regularly circulated to employees. Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest and the views of employees are taken into account when making decisions which are likely to affect their interests.

Post balance sheet events

There were no significant post balance sheet events affecting the company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

PricewaterhouseCoopers LLP resigned as auditor during the financial year and the directors subsequently appointed KPMG, Chartered Accountants, as auditor in the interim period. A resolution proposing the appointment of KPMG, Chartered Accountants, as auditor was submitted and approved by the shareholders at the Annual General Meeting, together with a resolution authorising the directors to fix their remuneration.

On behalf of the board



D.R. Wilkes
Director

10 September 2009

Pauls Malt Limited

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

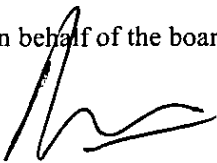
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act, 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the Companies Act, 1985.

On behalf of the board



D.R. Wilkes
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Pauls Malt Limited

We have audited the financial statements of Pauls Malt Limited for the financial year ended 26 September 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the statement of directors' responsibilities on page 7, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider implications for our report if we become aware of any apparent misstatements within it.



Independent auditor's report to the members of Pauls Malt Limited *(continued)*

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 September 2008 and of its profit for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act, 1985.
- the information given in the directors' report is consistent with the financial statements.


Chartered Accountants
Registered Auditor
Dublin

10 September 2009

Pauls Malt Limited

Statement of accounting policies *for the year ended 26 September 2008*

The following accounting policies have been applied consistently throughout the financial year and preceding financial year in dealing with items considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are preparing in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting and standards of the Accounting Standards Board applicable in the United Kingdom.

Consolidation

The company is a subsidiary of an E.U. parent which prepares consolidated accounts which are publicly available and is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation 8 of the European Communities (Companies: Group Accounts) Regulations, 1992. Consequently these financial statements deal with the results of the company as a single entity.

Turnover

Turnover represents the invoiced value of goods and services to customers. Turnover from the sale of goods and services is recognised when significant risk and rewards of ownership are transferred to the buyer and it is then probable that the economic benefits will flow to the company.

Cash flow statement

The company is a wholly owned subsidiary of Greencore UK Holdings plc and is included in the consolidated financial statements of the ultimate parent company, Greencore Group plc, which are publicly available (see note 23). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement available under the terms of FRS 1 "Cash flow statements".

Tangible assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Fixed assets are depreciated on a straight line basis over periods not exceeding their useful lives from the date they become operational, principally as follows:

Buildings	2% per annum on cost
Plant	3.33%-25% per annum on cost

Freehold land and assets under construction are not depreciated. The company does not capitalise finance costs.

Pauls Malt Limited

Statement of accounting policies *(continued)*

Leased assets

Assets held under sale and finance leaseback agreements, in which the commercial substance of the underlying agreement is considered to be a secured loan, and that confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciated over their useful economic lives. The capital element of the leasing commitment is recorded as a liability and is shown as obligations under finance leases. The lease rental payments are treated as consisting of both a capital and an interest element. The capital element is applied to reduce the outstanding obligations under the leasing commitments and the interest element is charged on a reducing balance basis to the profit and loss account over the period of the agreement.

Operating leases

Rental costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Investments

Investments are recorded at cost, which is reviewed on a regular basis and provision made for any impairment in value.

Stocks

Stocks are valued at the lower of cost and net realisable value. Where appropriate, costs include raw materials, freight and direct labour expenses, along with related production and other overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

The company acts as a disclosed purchasing agent on behalf of Utexam Logistics Limited, a company that operates in the commodity supply industry. The company recognises raw material costs and the related liabilities in its accounts when the title to the raw materials passes to it from Utexam Logistics Limited.

Taxation

Current tax is provided on the company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pauls Malt Limited

Statement of accounting policies *(continued)*

Foreign currencies and financial instruments

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities are translated into sterling at the rates of exchange ruling at the relevant balance sheet date or, where appropriate, the forward contract rate (the company uses forward contracts to hedge its foreign exchange exposure in respect of foreign customers); any exchange differences arising thereon are included in the profit and loss account. Legal responsibility for the forward contracts lies with Greencore Group plc, the company's ultimate holding company, who arrange the contracts on the company's behalf.

Pensions

The company provides pensions to certain of its employees through separately administered defined benefit plans and defined contribution plans.

For the defined benefit plan, the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the year plus any benefit improvements granted to members by the company during the year. Other finance charges/income in the profit and loss account includes a credit equivalent to the company's expected return on the pension plan assets over the year, offset by a charge equal to the expected increase in the plans' liabilities over the year. The difference between the market value of the plan assets and the present value of the plan liabilities is disclosed as an asset/liability on the balance sheet, net of deferred tax (to the extent that it is recoverable). Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the plan, are recognised in the statement of total recognised gains and losses.

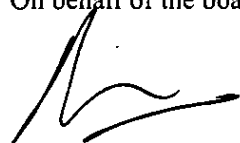
Contributions payable by the company in respect of the defined contribution plan are charged to operating profit as incurred.

Pauls Malt Limited

Profit and loss account for the year ended 26 September 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover – continuing operations	<i>1</i>	115,051	82,394
Cost of sales		(92,665)	(67,195)
		<hr/>	<hr/>
Gross profit		22,386	15,199
Distribution expenses		(4,827)	(4,856)
Administrative expenses		(4,689)	(3,603)
		<hr/>	<hr/>
Operating profit – continuing operations		12,870	6,740
Loss on sale of fixed assets		-	(22)
Interest receivable and similar income	<i>4</i>	4,762	3,780
Interest payable and similar charges	<i>5</i>	(159)	(346)
Other finance income	<i>19</i>	35	49
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>6</i>	17,508	10,201
Taxation	<i>7</i>	(4,540)	(2,858)
		<hr/>	<hr/>
Profit for the financial year	<i>15,16</i>	12,968	7,343
		<hr/>	<hr/>

On behalf of the board



D.R. Wilkes
Director

Pauls Malt Limited

Statement of total recognised gains and losses for the year ended 26 September 2008

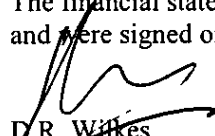
	<i>Note</i>	2008 £'000	2007 £'000
Profit for the financial year		12,968	7,343
Actuarial loss on defined benefit pension scheme	<i>19</i>	(1,199)	(506)
Current tax on pension contribution in excess of profit and loss account charge		300	89
Deferred tax charge/(credit) on actuarial loss on defined pension scheme	<i>18</i>	47	(59)
Change in deferred tax rate		-	23
		<hr/>	<hr/>
Total recognised gains and losses for the year		12,116	6,890
		<hr/>	<hr/>

Pauls Malt Limited

Balance sheet at 26 September 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	8	36,024	32,012
Investments	9	-	-
		<hr/>	<hr/>
		36,024	32,012
Current assets			
Stocks	10	8,808	5,180
Debtors	11	82,916	60,063
Cash at bank and in hand		1,943	1,203
		<hr/>	<hr/>
		93,667	66,446
Creditors: amounts falling due within one year	12	(57,537)	(36,203)
		<hr/>	<hr/>
Net current assets		36,130	30,243
		<hr/>	<hr/>
Total assets less current liabilities		72,154	62,255
Creditors: amounts falling due after more than one year	13	(24,900)	(26,247)
Provisions for liabilities	18	(3,272)	(4,260)
Defined benefit pension deficit	19	(3,730)	(3,612)
		<hr/>	<hr/>
Net assets		40,252	28,136
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	1,081	1,081
Share premium account	15	988	988
Profit and loss account	15	38,183	26,067
		<hr/>	<hr/>
Shareholders' funds	16	40,252	28,136
		<hr/>	<hr/>

The financial statements on pages 10 to 31 were approved by the board of directors on 10 September 2009 and were signed on its behalf by:


D.R. Wilkes
Director

Pauls Malt Limited

Notes

forming part of the financial statements

1 Turnover

The analysis of turnover by activity and geographical area is as follows:

	2008 £'000	2007 £'000
Activity		
Malt – manufacture and sale	115,051	82,394
	<u>115,051</u>	<u>82,394</u>
	2008 £'000	2007 £'000
Geographical area		
United Kingdom and Ireland	91,150	60,765
Other EU countries	1,187	520
Africa	931	2,505
Asia	17,227	14,005
South America	559	281
Rest of the World	3,997	4,318
	<u>115,051</u>	<u>82,394</u>
	2008 £'000	2007 £'000
2 Statutory and other information		
Directors' emoluments	369	440
	<u>369</u>	<u>440</u>

One director (2007: two) is accruing benefits under a defined benefit pension scheme. The aggregate emoluments of the highest paid director was £246,298 (2007: £184,200). The accrued pension entitlement of this director as at 26 September 2008 was £101,972 (2007: £94,667).

Pauls Malt Limited

Notes (continued)

3 Staff numbers and costs

The average monthly number of persons employed by the company, including executive directors, during the year, analysed by category, was as follows:

	Number of employees	
	2008	2007
Sales and administration	40	39
Production	74	68
	<hr/>	<hr/>
	114	107
	<hr/>	<hr/>
	2008	2007
	£'000	£'000
Wages and salaries	3,721	3,414
Social welfare costs	402	364
Pension costs - defined benefit scheme	415	570
Pension costs - defined contribution scheme	17	5
	<hr/>	<hr/>
Charged to the profit and loss account	4,555	4,353
Actuarial loss recognised in equity	1,199	506
	<hr/>	<hr/>
Total	5,754	4,859
	<hr/>	<hr/>
4 Interest receivable and similar income	2008	2007
	£'000	£'000
Amounts due from group undertakings	4,751	3,765
Bank and similar interest receivable	11	15
	<hr/>	<hr/>
	4,762	3,780
	<hr/>	<hr/>
5 Interest payable and similar charges	2008	2007
	£'000	£'000
On bank loans and overdrafts	-	24
On obligations under finance leases due to group undertakings	159	322
	<hr/>	<hr/>
	159	346
	<hr/>	<hr/>

Pauls Malt Limited

Notes (continued)

6 Profit on ordinary activities before taxation	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation		
- owned tangible fixed assets	1,481	1,308
- tangible fixed assets held under finance leases	959	1,097
Audit fees	36	30
Operating lease rentals:		
- plant and machinery	50	31
- motor vehicles	88	105
	<hr/>	<hr/>
7 Tax on profit on ordinary activities	2008	2007
	£'000	£'000
Consideration payable for group relief claimed		
Current year charge	4,598	2,856
Adjustments in respect of prior years	830	822
	<hr/>	<hr/>
Total current tax	5,428	3,678
	<hr/>	<hr/>
Deferred taxation		
Current year charge/(credit)	420	(390)
Prior year over provision	(1,308)	(133)
Change in deferred tax rate	-	(297)
	<hr/>	<hr/>
Total deferred tax credit (note 18)	(888)	(820)
	<hr/>	<hr/>
Tax on profit on ordinary activities	4,540	2,858
	<hr/>	<hr/>

Pauls Malt Limited

Notes (continued)

7 Profit on ordinary activities before taxation (continued)

The tax assessed for the year is higher (2007: higher) than the standard rate of corporation tax in the UK (29.01%). The differences are explained below

	2008 £'000	2007 £'000
Profit before taxation	17,508	10,201
Profit on ordinary activities multiplied by standard rate in the UK 29.01% (2007: 30%)	5,079	3,060
Capital allowances in excess of depreciation	(587)	(191)
Net non-deductible (income)/expenses	(46)	24
Short term timing differences	152	(37)
Adjustment in respect of prior periods	830	822
Current tax charge for the year	5,428	3,678

The 2007 budget introduced a number of changes to the corporation tax regime in the UK, which have affected the company's deferred tax positions to the extent shown above; the changes were principally a reduction in the tax rate from 30% to 28% and the phasing out of industrial buildings allowances.

The UK corporation tax decreased to 28% from April 2008.

Pauls Malt Limited

Notes (continued)

8 Tangible assets	Freehold land and buildings £'000	Plant and machinery £'000	Construction in progress £'000	Total £'000
<i>Cost</i>				
At 28 September 2007	6,528	62,911	195	69,634
Additions	139	2,223	4,090	6,452
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 September 2008	6,667	65,134	4,285	76,086
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 28 September 2007	1,656	35,966	-	37,622
Charge for year	102	2,338	-	2,440
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 September 2008	1,758	38,304	-	40,062
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 26 September 2008	4,909	26,830	4,285	36,024
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 September 2007	4,872	26,945	195	32,012
	<hr/>	<hr/>	<hr/>	<hr/>

On 28 November 2003 the company sold to Greencore Finance Limited (a wholly owned subsidiary of Greencore Group plc) selected owned assets, and leased them back as of the same date under 3 and 5 year terms. Assets held under sale and leaseback arrangements and capitalised in plant and machinery are as follows:

	2008 £'000	2007 £'000
Cost	21,415	21,415
Accumulated depreciated	(14,473)	(13,514)
	<hr/>	<hr/>
Net book value	6,942	7,901
	<hr/>	<hr/>

Pauls Malt Limited

Notes (continued)

9 Investments	2008 £'000	2007 £'000
Cost		
At beginning and end of year	<u>60</u>	<u>60</u>
Provision		
At beginning and end of year	<u>(60)</u>	<u>(60)</u>
Net book value		
At beginning and end of year	<u>-</u>	<u>-</u>

The company's investments is in:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares held by the company %
Multimalt Limited	Nigeria	Ordinary 1 Naira share	20

The principal activity of Multimalt Limited is the handling of cereals and other agricultural products for export and import. The company's investment in Multimalt Limited is provided against in full.

The results for Multimalt Limited's most recent available year end and the net assets of the company at that date is shown below.

The company would be exempt under s228 of the Companies Act 1985 from preparing consolidated financial statements if it had subsidiaries. The equity accounting disclosures of FRS 9 "Associates and joint ventures" have therefore not been presented for the company's investments.

	Multimalt Limited
	31 December 2007
	£'000
Profit for year	45
Net assets	<u>591</u>

Pauls Malt Limited

Notes (continued)

10 Stocks	2008	2007
	£'000	£'000
Raw materials and consumables	574	513
Work in progress	1,719	1,020
Finished goods	6,515	3,647
	<hr/>	<hr/>
	8,808	5,180
	<hr/>	<hr/>
11 Debtors	2008	2007
	£'000	£'000
<i>Amounts due within one year</i>		
Trade debtors	18,070	10,942
Prepayments and accrued income	25	28
Amounts due by group undertakings	64,720	48,708
Other debtors	101	385
	<hr/>	<hr/>
	82,916	60,063
	<hr/>	<hr/>
12 Creditors: amounts falling due within one year	2008	2007
	£'000	£'000
Trade creditors	41,630	26,546
Tangible fixed assets purchases	2,364	1,153
Obligations under finance leases due to group undertakings	1,347	2,567
Group relief payable	10,213	5,085
Other amounts due to group undertakings	773	194
Other taxation and social security	139	117
Other creditors	676	86
Accruals and deferred income	395	455
	<hr/>	<hr/>
	57,537	36,203
	<hr/>	<hr/>

Amounts due to or from the company's parent, with the exception of balances surrendered for group relief, sale and leaseback obligations and long-term liabilities, accrue interest at a rate of 0.5% above LIBOR.

Pauls Malt Limited

Notes (continued)

13 Creditors: amounts falling due after more than one year	2008	2007
	£'000	£'000
Obligations under finance leases due to group undertakings	-	1,347
Other amounts due to group undertakings	24,900	24,900
	<hr/>	<hr/>
	24,900	26,247
	<hr/>	<hr/>

The other amounts owed to group undertakings are unsecured, non-instalment and non-interest bearing, and have no specified repayment date.

The net finance lease obligations to which the company is committed are:

	2008	2007
	£'000	£'000
In one year or less	1,347	2,567
Between one and two years	-	1,347
	<hr/>	<hr/>
	1,347	3,914
	<hr/>	<hr/>

14 Share capital	2008	2007	2008	2007
	No. of shares		£'000	£'000
<i>Authorised</i>				
Ordinary shares of £1 each	1,081,000	1,081,000	1,081	1,081
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,081,000	1,081,000	1,081	1,081
	<hr/>	<hr/>	<hr/>	<hr/>

Pauls Malt Limited

Notes (continued)

15 Reconciliation of movements in reserves	2008 £'000	2007 £'000
Profit and loss account reconciliation		
At beginning of year	26,067	19,177
Profit retained for the financial year	12,968	7,343
Current tax on excess pension contributions	300	89
Actuarial loss on pension scheme	(1,199)	(506)
Movement on deferred tax relating to pension scheme	47	(36)
	<hr/>	<hr/>
At end of year	38,183	26,067
	<hr/>	<hr/>
Share premium account		
At beginning and end of year	988	988
	<hr/>	<hr/>
16 Reconciliation of movement in shareholders' funds	2008 £'000	2007 £'000
Profit for the financial year	12,968	7,343
Current tax on excess pension contributions	300	89
Actuarial loss on pension scheme	(1,199)	(506)
Movement on deferred tax relating to pension scheme	47	(36)
	<hr/>	<hr/>
	12,116	6,890
Opening shareholders' funds	28,136	21,246
	<hr/>	<hr/>
Closing shareholders' funds	40,252	28,136
	<hr/>	<hr/>

17 Capital commitments

The company had £494,000 (2007: £Nil) of capital expenditure that had been committed for but not provided in the financial statements.

Pauls Malt Limited

Notes (continued)

18 Provisions for liabilities

	Closure costs £'000	Deferred tax provision excluding deferred tax on pension liability £'000	Total £'000
At 28 September 2007	100	4,160	4,260
Credited to profit and loss account (note 7)	-	(888)	(888)
Utilised during year	(100)	-	(100)
	<hr/>	<hr/>	<hr/>
At 26 September 2008	-	3,272	3,272
	<hr/>	<hr/>	<hr/>

	2008 £'000	2007 £'000
Analysis of deferred tax balances		
Excess of capital allowances over depreciation	3,465	4,207
Other	(193)	(47)
	<hr/>	<hr/>
Deferred tax excluding that relating to pension liability	3,272	4,160
Pension liability (note 19)	(1,451)	(1,404)
	<hr/>	<hr/>
Total provision for deferred tax	1,821	2,756
	<hr/>	<hr/>
		£'000
At 28 September 2007		2,756
<i>Deferred tax credited to profit and loss account:</i>		
- Prior year		(1,308)
- Current year movement		420
<i>Deferred tax charged/(credited) to the statement of total recognised gains and losses:</i>		
- Current year		(47)
		<hr/>
At 26 September 2008		1,821
		<hr/>

Pauls Malt Limited

Notes (continued)

19 Pension obligations

Defined benefit pension scheme

The company operates a funded, defined benefit scheme in the UK. The scheme is comprised of approximately half office based and half manufacturing based employees, situated at various locations within the UK. The scheme is now closed to new members.

A full actuarial valuation was carried out at 1 April 2007 and updated to 26 September 2008 by a qualified independent actuary. The service cost has been calculated by using the Projected Unit method.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2008 %	2007 %	2006 %
Rate of increase in salaries	4.3	4.25	3.7
Rate of increase in pensions in payment	3.3	3.25	2.7
Rate of increase in pension in deferment	3.3	3.25	2.7
Discount rate	7.05	5.8	5.25
Inflation assumption	3.3	3.25	2.7

In valuing the liabilities of the pension fund at 26 September 2008, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 85 years (male), 88 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Pauls Malt Limited

Notes (continued)

19 Pension obligations (continued)

The expected long term rates of return and market values of the assets of the scheme were:

	2008		2007	
	Long-term rate of return expected %	Value £'000	Long-term rate of return expected %	Value £'000
Equities	8.7	9,388	8.5	12,939
Bonds	4.7	3,338	5.0	2,840
Cash	7.7	667	-	-
		<u>13,393</u>		<u>15,779</u>

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset distribution at the start of the period to develop the expected long-term rate of return on assets assumption for the portfolio.

Scheme assets are measured at market value. Pension liabilities are measured using the projected unit method discounted to present values.

	2008 £'000	2007 £'000
Total market value of assets 2008: 72% (2007: 76%)	13,393	15,779
Present value of scheme liabilities	(18,574)	(20,795)
	<u>(5,181)</u>	<u>(5,016)</u>
Deficit in the scheme	(5,181)	(5,016)
Related deferred tax asset	1,451	1,404
	<u>(3,730)</u>	<u>(3,612)</u>
Net pension liability	(3,730)	(3,612)

Pauls Malt Limited

Notes *(continued)*

19 Pension obligations *(continued)*

The following amounts have been recognised in the performance statements in the period under the requirements of FRS 17:

	2008 £'000	2007 £'000
Operating profit:		
Current service cost, being total operating charge	(415)	(570)
	<hr/>	<hr/>
Other finance income:		
Interest on pension liabilities	(1,194)	(1,038)
Expected return on pension scheme assets	1,229	1,087
	<hr/>	<hr/>
Net finance income	35	49
	<hr/>	<hr/>
Total expense recognised in profit and loss account for year	(380)	(521)
	<hr/>	<hr/>
Statement of total recognised gains and losses:		
Actual return less expected return on pension scheme assets	(4,197)	(290)
Experience gains and losses arising on the scheme liabilities	2,998	(216)
	<hr/>	<hr/>
Net loss recognised in statement of total recognised gains and losses	(1,199)	(506)
	<hr/>	<hr/>

Pauls Malt Limited

Notes (continued)

19 Pension obligations (continued)	2008 £'000	2007 £'000
<i>Movement in present value of defined benefit obligation:</i>		
At beginning of the financial year	20,795	20,019
Current service costs	415	570
Interest cost	1,194	1,038
Actuarial (loss)/ gain	(2,998)	216
Member contributions	129	141
Benefits paid	(961)	(1,189)
	<hr/>	<hr/>
At end of the financial year	18,574	20,795
	<hr/>	<hr/>
<i>Movement in fair value of plan assets:</i>		
At the beginning of the financial year	15,779	15,213
Expected return on assets	1,229	1,087
Actuarial loss	(4,197)	(290)
Member contributions	129	141
Employer contributions	1,414	817
Benefits paid	(961)	(1,189)
	<hr/>	<hr/>
At end of the financial year	13,393	15,779
	<hr/>	<hr/>

It is expected that during the annual period 27 September 2008 to 25 September 2009, contributions totalling £1,382,540 will be paid to the scheme (£1,254,540: company; £129,200: employees).

	2008	2007	2006	2005	2004
History of experience gains and losses					
Difference between the expected and actual return on scheme assets:					
Amount £'000	(4,197)	(290)	1,810	438	170
Percentage of scheme assets	31%	2%	12%	3%	1%
Experience gains and losses on scheme liabilities:					
Amount	2,998	(216)	(631)	-	(237)
Percentage of the present value of scheme liabilities	16%	2%	3%	0%	2%
Total amount recognised in the statement of total recognised gains and losses:					
Amount	(1,199)	(506)	1,179	(2,790)	(1,171)
Percentage of the present value of scheme liabilities	9%	3%	6%	14%	8%

Pauls Malt Limited

Notes (continued)

19 Pension obligations (continued)

Cumulative actuarial losses reported in the statement of total recognised gains and losses for the financial year ended 26 September 2008 is £3.316m (28 September 2007: £2.117m).

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet:

	2008 £'000	2007 £'000	2006 £'000
Present value of scheme liabilities	(18,574)	(20,795)	(20,019)
Fair value of scheme assets	13,393	15,779	15,213
Deficit	(5,181)	(5,016)	(4,806)

An amount of £670,139 (2007: £77,379) is included within other creditors in respect of contributions due to the pension fund at the year end.

The company has no exposure to other post-retirement benefit obligations.

20 Contingencies

	2008 £'000	2007 £'000
Amount of bank guarantees in respect of Malt licences	684	361

The company, together with Greencore Group plc and other group companies, have guaranteed a syndicated loans facility available to Greencore Group plc of which £152,003,990 was drawn out at 26 September 2008. There is no specific maximum liability applicable to Pauls Malt Limited.

Pauls Malt Limited

Notes (continued)

21 Financial commitments

At 26 September 2008 the company had annual commitments, under non-cancellable operating leases for the hire of motor vehicles and office equipment expiring as follows.

	2008 £'000	2007 £'000
Expiring within one year	23	4
Expiring in the second to fifth years	83	116
	<hr/>	<hr/>
	106	120
	<hr/>	<hr/>

22 Related party transactions

As the company is a wholly owned subsidiary (see note 23), advantage has been taken of the exemption afforded by FRS 8, "Related party disclosures", and not to disclose any related party transactions with other members of the group.

23 Parent undertaking

At 26 September 2008, the immediate parent undertaking was Greencore UK Holdings plc, a company incorporated in the United Kingdom. This company does not prepare consolidated financial statements.

At 26 September 2008, the ultimate parent undertaking and controlling party was Greencore Group plc, a company incorporated in the Republic of Ireland. Copies of the consolidated financial statements of Greencore Group plc may be obtained from The Secretary, Greencore Group plc, No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, Republic of Ireland.

24 Approval of financial statements

The board of directors approved these financial statements on 10 September 2009.